

Message Text

CONFIDENTIAL

PAGE 01 LONDON 09263 221820Z

64

ACTION EUR-25

INFO OCT-01 ISO-00 HEW-08 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 /176 W

----- 080098

R 221913Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2362

C O N F I D E N T I A L LONDON 09263

PASS WILLIAM BUELL, EUR/NE

E.O. 11652: GDS

TAGS: OVIP, UK

SUBJECT: WEINBERGER VISIT TO EUROPE

1. FOLLOWING ARE SUGGESTIONS FOR BRIEFING NOTES FOR SECRETARY WEINBERGER.

2. THE LABOUR GOVERNMENT IS EXPECTED TO CALL AN ELECTION IN OCTOBER IN THE HOPE OF TRANSFORMING ITS NARROW PLURALITY IN THE HOUSE OF COMMONS INTO A MAJORITY. MAJOR NEW INITIATIVES TO DEAL WITH BRITAIN'S MAJOR ECONOMIC AND SOCIAL PROBLEMS ARE LIKELY TO BE DEFERRED UNTIL AFTER THE ELECTION.

3. BRITAIN'S ECONOMIC PROSPECTS ARE BLEAK. MOST FORECASTS AGREE THAT THERE WILL BE NO REAL GROWTH IN GROSS DOMESTIC PRODUCT (GDP) IN 1974. THERE WILL PROBABLY BE A SLIGHT DECLINE IN REAL OUTPUT. UNEMPLOYMENT, CURRENTLY AT A RATE OF 2.5 PER CENT, IS EXPECTED TO RISE TOWARD THE END OF THE YEAR. AT THE SAME TIME, INFLATION IS EXPECTED TO REMAIN A MAJOR PROBLEM. RETAIL PRICES, WHICH ROSE OVER 9 PER CENT IN 1973, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 09263 221820Z

ARE EXPECTED TO INCREASE BY 17-20 PER CENT IN 1974.

OVER THE LONG RUN, THE GOVERNMENT MAY NOT HAVE MUCH MORE SUCCESS WITH ITS "SOCIAL CONTRACT" THAN THE CONSERVATIVES DID WITH THEIR WAGE CONTROLS. THE HIGH COST OF BASIC MATERIALS AND FUELS HAS ALSO PUSHED UP PRICES. BUSINESS CONFIDENCE IS LOW, BOTH BECAUSE OF THE GENERAL ECONOMIC OUTLOOK AND FEAR OF GREATER GOVERNMENT CONTROL OF INDUSTRY UNDER A STRONGER LABOUR GOVERNMENT. THE BALANCE OF PAYMENTS OUTLOOK FOR 1974 IS ALSO GLOOMY. THE FORECASTS OF A TRADE DEFICIT RANGE FROM 4.5 TO 5 BILLION POUNDS (ABOUT 2 BILLION OF THIS DUE TO INCREASED OIL PRICES) AN INVISIBLES SURPLUS OF ABOUT 1 BILLION POUNDS, AND A CURRENT DEFICIT OF 3.5 TO 4 BILLION POUNDS.

4. INFLATION HAS BEEN AT THE ROOT OF THE CURRENT CONTROVERSIES OVER HEALTH AND EDUCATION. THE NATIONAL HEALTH SERVICE IS FACING ITS WORST CRISIS SINCE ITS FORMATION IN 1948. NURSES, HOSPITAL TECHNICIANS AND OTHER HOSPITAL WORKERS HAVE BEEN RESORTING TO SLOWDOWNS AND SPORADIC STRIKES FOR HIGHER WAGES. DOCTORS HAVE ALSO BEEN DEMANDING BETTER PAY. HOSPITAL BUILDING PROGRAMS ARE INADEQUATE. REPRESENTATIVES OF THE MEDICAL PROFESSIONS HAVE DEMANDED AN IMMEDIATE INJECTION OF 500 MILLION POUNDS INTO THE NATIONAL HEALTH SERVICE, BUT THE GOVERNMENT HAS ONLY BEEN ABLE TO OFFER 40 MILLION. AN ANCILARY DISPUTE HAS ERUPTED OVER THE LABOUR GOVERNMENT'S PLAN TO REMOVE PRIVATE BEDS FROM STATE HOSPITALS. THE DOCTORS ARE COMPLAINING THAT THEY HAVE NOT BEEN CONSULTED SUFFICIENTLY ABOUT THIS PLAN.

5. TEACHERS HAVE ALSO BEEN BECOMING MORE MILITANT IN THEIR DEMANDS FOR HIGHER PAY. ONE OF KEY MAIN ISSUES IS HIGHER ALLOWANCES FOR TEACHERS IN THE GREATER LONDON AREA. THE PAY BOARD HAS RECOMMENDED AN INCREASE IN THESE ALLOWANCES, BUT THE TEACHERS HAVE ASKED FOR MORE. THEY HAVE TAKEN OCCASIONAL STRIKE ACTION TO STRENGTHEN THEIR DEMANDS.

SOHM
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 09263 221820Z

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON09263
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740197-1128
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740729/aaaaayqj.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2002 by boyleja>; APPROVED <20 FEB 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WEINBERGER VISIT TO EUROPE
TAGS: OVIP, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005